

## STATE OF SOUTH DAKOTA CLASS SPECIFICATION

**Class Title: Internal Auditor**

**Class Code: 10176**

**Pay Grade: GH**

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### **A. Purpose:**

Performs formal examinations of cost summaries or audits performed by other audit agencies or private accounting firms or conducts external audits of financial records, accounts, or situations according to recognized accounting and auditing standards to determine compliance with state and federal laws and policies.

### **B. Distinguishing Feature:**

Internal Auditors perform a variety of standard audit assignments involving businesses/individuals with a past history of accurate record keeping and accounting systems and/or limited problem areas, and works with a limited number of applicable regulations. Senior Internal Auditors conduct comprehensive audits covering a variety of topics governed by a large number of regulations and involves businesses with diverse funding sources, or previously identified irregularities such as inadequate cost accounting systems or a lack of internal controls, multiple facilities operated under a corporate setting, or facilities offering a variety of services to ensure that costs are reasonable, necessary, and related.

### **C. Functions:**

*(These are examples only; any one position may not include all of the listed examples nor do the listed examples include all functions which may be found in positions of this class.)*

1. Examines audits or audit reports completed by other agencies or private accounting firms to ensure costs are properly reported and accounted for.
  - a. Reviews independent audit reports for findings or exceptions.
  - b. Reviews previous audits reports and department files.
  - c. Locates applicable agreements or contracts.
  - d. Reconciles department records with independent audit reports.
  - e. Prepares work-papers and documentation to support findings.
  - f. Completes an audit report for supervisory review.
2. Reviews provider reports and transaction files to determine compliance with state laws and procedures.
  - a. Utilizes checklists to review files for pertinent and required information.
  - b. Examines files for correct forms and agreements and if completed in accordance with legislative requirements.
  - c. Identifies and reports discrepancies.
3. Performs routine procedural audits of facilities or contracts receiving funding or reimbursement of costs through the state to ensure costs are properly claimed.
  - a. Conducts a preliminary review of facility or business operations.
  - b. Requests and reviews preliminary data.
    - i. Looks for trends or problem areas.
    - ii. Identifies irregularities to concentrate audit on.
  - c. Conducts entrance conferences with management, staff, or accountants at a facility or business.
  - d. Examines provider records and all related documentation, records, and reports.

- e. Prepares working papers citing discrepancies and applicable regulations or contract provisions.
  - f. Conducts exit conferences to explain discrepancies.
  - g. Completes formal audit reports and submits for supervisor review.
4. Reviews cost summaries submitted by facilities to determine if costs are appropriately reported.
    - a. Compares information on summaries to facilities trial balances.
    - b. Determines if costs are in correct categories and looks for costs that should not be listed or are duplicated.
    - c. Provides information based on these reviews which will be used in setting rates or disallowing costs.
  5. Audits trust/escrow accounts to ensure funds are accounted for and not being used improperly.
    - a. Reconciles accounts.
    - b. Reviews ledgers, checks, and bank statements.
    - c. Determines if appropriate interest or taxes have been collected, allocated, and credited.
  6. Reviews cost settlements to determine appropriate reimbursement rates.
    - a. Reviews projected budgets.
    - b. Reviews actual reported costs.
    - c. Projects costs and recommends rates.
  7. Performs other work as assigned.

**D. Reporting Relationships:**

Reports to a program manager and may provide some work direction to assist in training other internal auditors.

**E. Challenges and Problems:**

Challenged to work with a variety of accounting systems and working with businesses/individuals to understand the accountabilities associated with state and federal funding, laws, and policies. This is difficult because of constantly changing laws and the need to act as a regulator while working with facilities and businesses to understand the state's requirements.

Typical problems include having to adjust the scope of an audit due to additional complexities found in a facility or business, accommodating different accounting systems, ensuring audit reports meet requirements and are clear, program or contract compliance involving state operated programs, not receiving proper or complete documentation from facilities or businesses, facilities or businesses changing management or ownership, not being sure of what to expect when performing external audits, auditing with inadequate records, completing audits and investigations on a timely basis, understanding and working with a variety of procedures and systems, remaining impartial, and dealing with individuals or businesses who feel they are being treated unfairly.

## **F. Decision-making Authority:**

Decisions made include selecting the best audit procedures, whether costs are acceptable or allowable, if activities are in accordance to applicable federal or state regulations, determining fair and equitable solutions to audit problems, which regulations or contract provisions to cite when finding exceptions or to support recommended adjustments, if facility or business methods of cost allocation meets established guidelines, if additional information is needed from a facility or business, and what is material to the scope of the audit.

Decisions referred include how to handle unusual situations or audit findings, final decision of whether an adjustment is necessary, clarification of federal or state laws or policies, approval of audit reports, how to handle audit findings that may affect other facilities, what the reimbursement rate will be, whether to commence action or proceedings, scheduling audits, and what to do if a facility or business refuses to accept an audit report.

## **G. Contact with Others:**

Daily contact with various external facility or business managers, administrations, and/or staff to arrange and conduct audits, gather relevant information, and explain audit findings; and frequent contact with accountants and attorneys to give and receive information relevant to audit findings or procedures.

## **H. Working Conditions:**

Works in a typical office environment. Travel is required.

## **I. Knowledge, Skills and Abilities:**

Knowledge of:

- generally accepted accounting principles (GAAP), standards, and practices;
- generally accepted auditing standards (GAAS);
- government auditing standards;
- cost accounting standards;
- governmental accounting practices.

Ability to:

- plan and conduct accurate and complete audits;
- gather, analyze, and appraise facts;
- deal tactfully with others;
- communicate audit findings and other information clearly and concisely.

*CC: 10176 EEO: 02 Est: Rev: 08/00*